



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Paul Krutko

**SUBJECT: TEAM SAN JOSE 2009-2010
PERFORMANCE MEASURES –
CLIENT SATISFACTION**

DATE: 11-22-09

Approved

Date

11/24/09

RECOMMENDATION

1. Approval of Team San José performance measure for 2009-2010 for “client satisfaction.”
2. Accept the City Staff verbal report on the industry reaction to Team San Jose’s new labor agreement.

BACKGROUND

In January of 2009, the City of San Jose and Team San José (TSJ), which manages the City’s Convention Center and Cultural Facilities, entered into a new five year agreement through June 30 2014, with two additional three year options. Subsequently, the City and TSJ entered into an addendum to the contract in summer 2009.

The new agreement requires TSJ to submit its annual targets for the following performance measures to be weighted as follows: Economic Impact Measures 40%, Gross Operating Profit 35%, Theatre Performance 15%, and Customer Service Survey Results 10%. In addition, the level of Incentive Management Fee (Incentive Fee) is set each fiscal year based on TSJ’s achievement of separate, but related incentive fee measures.

During the November 17, 2009 Council meeting staff presented the proposed targets for each of the performance measures. Council gave additional direction to staff and TSJ to adjust the “Client Satisfaction” target and hold them accountable for TSJ’s performance and not the condition of the convention center.

ANALYSIS

Based on the survey software TSJ utilizes, TSJ and the City have the ability to track:

1. Overall customers experience
2. Customer intent to re-book at one of the venues in the future
3. Facility Condition
4. Customer Service

09-28-09

Subject: Team San Jose 2009-2010 Performance Measures

Page 2

The original "client satisfaction" performance target was a combination of all of the above. Due to the worsening condition of the facility and the uncertainty of the expansion/renovation impacts TSJ and City staff originally agreed to a target at 80%.

Based on Council's desire to separate the condition of the facility and TSJ's performance, staff recommends using only "Customer Service" as the performance target for the incentive fee. TSJ and City staff has come to agreement to place this **target at 95%**. This number is based on several factors including past and future service reduction to TSJ and the City.

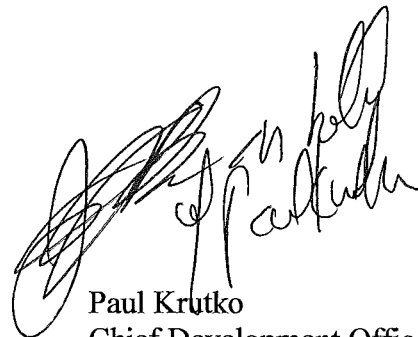
As part of the overall contract management (oversight) the City administers, City staff will continue to track all of the survey data related to TSJ's overall performance.

COORDINATION

The Office of Economic Development has coordinated this memorandum with Team San José, the City Attorney's Office, the City Manager's Budget Office, and the Finance Department.

CEQA

CEQA: Not a Project

A handwritten signature in black ink, appearing to read "Paul Krutko", is written over a printed name and title.

Paul Krutko
Chief Development Officer

For questions please contact Lee Wilcox, Downtown Coordinator, at (408) 535-8172.